

CHAPTER 870  
Exemption for Revitalized Real Estate

EDITOR'S NOTE: This chapter, previously titled "Exemption for Substantially Rehabilitated Real Estate" was retitled "Exemption for Revitalized Real Estate" upon the adoption of Ordinance 01-03, passed May 21, 2001.

<u>General Provisions</u>			
870.01	Purpose.	870.10	Description of multifamily revitalization districts. [Reserved]
870.02	Definitions.	870.11	Description of commercial or industrial revitalization districts. [Reserved]
870.03	Exemption for substantially rehabilitated, renovated or replacement residential structures.	870.12	Effective date of exemption.
870.04	Exemption for substantially rehabilitated, renovated or replacement multifamily residential structures. [Reserved]		<u>Windy Hill District</u>
870.05	Exemption for substantially rehabilitated, renovated or replacement commercial or industrial structures. [Reserved]	870.20	Exemption for property in Windy Hill District.
870.06	Procedure for claiming exemption.	870.21	Description of Windy Hill District.
870.07	Eligibility for exemption.	870.22	Administration of exemption for Windy Hill District.
870.08	Administration of exemption.	870.23	Requirements for exemption in Windy Hill District.
870.09	Description of residential revitalization districts.	870.24	Procedure for claiming exemption in Windy Hill District.
		870.25	Amount of tax exemption in Windy Hill District.
		870.26	Effective date of tax exemption in Windy Hill District.

CROSS REFERENCES

Local planning - see Code of Va. ' ' 15.2-2210 to 15.2-2222

Real estate assessments - see Code of Va. ' ' 58.1-3200 et seq.

Tax exempt property - see Code of Va. ' ' 58.1-3600 et seq.

Exemptions and refunds generally - see B.R. & T. Ch. 864, Ch. 868, Ch. 872

## GENERAL PROVISIONS

### 870.01 PURPOSE.

The purpose of this chapter is to implement the provisions of Section 58.1-3220, of the Code of Virginia of 1950, as amended, which authorizes the County to provide partial exemption from real estate taxation for qualifying rehabilitated, renovated or replacement residential structures. Such exemptions will provide an economic incentive to owners to improve their properties. These improvements will help to prevent the deterioration and abandonment of older residential properties, which is detrimental to the health and welfare of the County and its citizens. In addition, such exemptions may encourage the modification of residential structures to meet the needs of the County's disabled or elderly citizens.

(Ord. 01-03. Passed 5-21-01.)

### 870.02 DEFINITIONS.

For the purpose of this chapter, the following words and phrases shall have the meaning ascribed to them by this section, unless another meaning shall clearly appear from the text:

- (a) "Base value" shall mean the assessed value of any structure covered by this chapter as of January 1 of the year in which rehabilitation begins as determined by the County Assessor upon receipt of an application for a rehabilitated real estate tax exemption.
- (b) "County Assessor" shall mean the real estate appraiser for Loudoun County appointed by the Board of Supervisors pursuant to Section 860.09 of these Codified Ordinances, or his or her designated agent.
- (c) "Date of application" shall mean the date upon which the application required by Section 870.04A is filed with the County Assessor and the application fee imposed by Section 870.04C has been paid, whichever is later.
- (d) "Gross living area" shall mean the sum of the finished floor area in square feet of all levels of a structure that are entirely above the finished grade of the land surrounding the property being rehabilitated, renovated or replaced, as measured from the exterior building dimensions. The finished area of basements are not included within the gross living area. Garage areas are not included within the gross living area.
- (e) "Owner" shall mean the person or entity in whose name the structure is titled.
- (f) "Rehabilitated real estate tax exemption" or "exemption" shall mean an amount equal to the increase in assessed value over the base value resulting from the substantial rehabilitation or replacement of a structure as defined herein and as determined by the County Assessor, which amount shall be exempt from taxation under the terms of this chapter.
- (g) "Substantially rehabilitated, renovated" shall mean improvements to an existing structure by rehabilitation, renovation or replacement that increase the assessed value of the structure over its base value by the percentage specified hereafter but without increasing the total square footage of such structure by more than the percentage specified hereafter. This phrase shall not include construction of a freestanding, independent structure that is merely connected to an existing structure by an atrium, breezeway or similar connecting element.

- (h) "Residential real estate" shall mean improved real property containing a structure used for residential purposes, as the term "residential use" is defined in Article 8 of the 1993 Loudoun County Zoning Ordinance ("LCZO"). However, "residential real estate" shall not include any structure having a gross living area of more than 2,000 square feet.
- (i) "Residential revitalization district" shall mean those residential revitalization districts specified in Section 870.09 of this chapter.
- (j) "Taxable year" shall mean the calendar year from January 1 through December 31 for which real property tax is imposed or exemption claimed under this chapter.  
(Ord. 01-03. Passed 5-21-01.)

**870.03 EXEMPTION FOR SUBSTANTIALLY REHABILITATED, RENOVATED OR REPLACEMENT RESIDENTIAL STRUCTURES.**

- (a) The owner of substantially rehabilitated residential real estate improved with:
  - (1) A single family detached structure shall be entitled to a partial exemption from the general real estate tax otherwise due on the fair market value of such property when a structure which is more than twenty years old on the date of application has been improved by renovation, repair or replacement so that the assessed value of the improved structure is increased by no less than fifteen percent over its base value, but without increasing the total square footage of the structure by more than thirty percent.
  - (2) A townhouse or duplex structure shall be entitled to a partial exemption from the general real estate tax otherwise due on the fair market value of such property when a structure which is more than twenty years old on the date of application has been improved by renovation, repair or replacement so that the assessed value of the improved structure is increased by no less than ten percent over its base value, but without increasing the total square footage of the structure by more than thirty percent.
  - (3) A condominium unit shall be entitled to a partial exemption from the general real estate tax otherwise due on the fair market value of such property when a structure which is more than fifteen years old on the date of application has been improved by renovation, repair or replacement so that the assessed value of the improved structure is increased by no less than five percent over its base value, but without increasing the total square footage of the structure by more than thirty percent.
- (b) The amount of the exemption shall be:
  - (1) For a single family detached structure, a townhouse or a duplex, an amount equal to the increase in assessed value attributable to the substantial rehabilitation, renovation or replacement of the property as defined herein and as determined by the County Assessor.
  - (2) For a condominium unit, an amount equal to fifty percent of the cost of the rehabilitation or renovation as determined by the County Assessor.

(c) An increase in assessment occurring after the first year such rehabilitation exemption is in effect shall not result in an increase in the exemption.

(d) The tax exemption for substantially rehabilitated residential real estate shall be effective on January 1 of the year following completion of such rehabilitation. The exemption shall be a credit against real estate taxes and shall run with the land for a period of fifteen years, provided that the provisions of Section 870.07(b)(4) and (5) are met for each year.  
(Ord. 01-03. Passed 5-21-01.)

870.04 EXEMPTION FOR SUBSTANTIALLY REHABILITATED, RENOVATED  
OR REPLACEMENT MULTI-FAMILY RESIDENTIAL STRUCTURES.  
[RESERVED]

870.05 EXEMPTION FOR SUBSTANTIALLY REHABILITATED, RENOVATED  
OR REPLACEMENT COMMERCIAL OR INDUSTRIAL STRUCTURES.  
[RESERVED]

870.06 PROCEDURE FOR CLAIMING EXEMPTION.

(a) Application for exemption shall be filed with the County Assessor on forms provided for that purpose before the proposed rehabilitation work designated by the building permit begins. A separate application shall be submitted for each structure.

(b) The County Assessor may require the applicant to submit all documentation deemed necessary to establish eligibility for an exemption. No application shall be considered complete or will be processed until receipt of such information.

(c) An application processing fee of fifty dollars (\$50.00) shall be paid to the County with each application. No application for the exemption approved by this chapter shall be deemed to have been filed until the fee has been paid.

(d) Upon receipt of a completed application for exemption and immediately before the proposed rehabilitation work begins, the County Assessor shall inspect the structure.

(e) After the rehabilitation is complete, the owner shall submit a written request (by certified mail, express delivery or courier) to the County Assessor to inspect the structure to determine if it then qualifies for the exemption. Such inspection and determination shall be made by the County Assessor within sixty days after such written request is received by the County Assessor. If the property qualifies for the exemption under the provisions of this chapter, then the tax exemption shall become effective beginning January 1 of the next calendar year after the request for inspection is received by the County Assessor.  
(Ord. 01-03. Passed 5-21-01.)

**870.07 ELIGIBILITY.**

(a) No improvements made on vacant land nor total replacement of residential structures shall be eligible for the rehabilitated real estate tax exemption.

(b) No property shall be eligible for the rehabilitated real estate tax exemption unless:

- (1) All necessary building permits have been acquired;
- (2) All work is completed within twelve months from the date the initial building permit was issued;
- (3) The County Assessor has verified that the rehabilitation indicated on the application has been completed;
- (4) The use of the property as of the date of application continues without change; and
- (5) The property owner is current in payment of all taxes, assessments and other fees due to the County.

(c) Applications for exemption must be filed prior to January 1 of the taxable year for which such exemption is claimed.

(d) No structure shall be eligible for the exemption if access for the purpose of assessing the structure and determining whether the requirements of this chapter have been met is denied.

(e) No property shall be eligible for the exemption if that property is substantially rehabilitated by the demolition and replacement of any structure that is:

- (1) A registered Virginia landmark; or
- (2) Determined by the Department of Historic Resources to contribute to the significance of a registered historic district.

(f) Prior to a determination that the property has been substantially rehabilitated as defined by this chapter, the owner of the property shall continue to be subject to taxation upon the full value of the property.

(g) No property owner may apply for the exemption on the basis of a building permit issued on or before January 1, 2001. Owners of property on which such improvements were completed prior to January 1, 2001, shall not be eligible for the exemption prescribed by this chapter, and further shall not be eligible for refund or adjustment of taxes payable prior to January 1, 2001.

(h) Except in instances in which an improved property has been substantially damaged by an action that is beyond the control of the owner or occupant, as defined below, no improved property which has qualified for the exemption pursuant to this chapter shall be eligible to submit any application for further exemption based on subsequent improvements during the pendency of the initial exemption period. If an improved property qualified for the exemption pursuant to this

chapter is damaged by an action beyond the control of the owner or occupant, and if the property may otherwise qualify for the exemption pursuant to this chapter, then the owner of the real estate may apply for the exemption based on the then-present value of the damaged property, and the qualification for the new exemption shall supersede and extinguish any exemption that may have been available under the previous qualification. For the purposes of this chapter, the term "action that is beyond the control of the owner or occupant" shall include fire, flood and windstorm that reduces the fair market value of the property by no less than thirty percent.

(i) If a structure was built and later expanded after the initial construction, then the age of the structure and its eligibility for the exemption shall be determined by the age of that portion of the structure which constitutes not less than two-thirds of the total square footage of the entire structure.

(Ord. 01-03. Passed 5-21-01.)

#### 870.08 ADMINISTRATION OF EXEMPTION.

(a) In determining the base value and the increased value resulting from substantial rehabilitation of residential real estate, the County Assessor shall employ usual and customary methods of assessing real estate.

(b) If a tax exemption is approved and a property owner (including any subsequent owner) thereafter fails to remain current in the payment of all County taxes and assessments, the property shall be immediately and finally removed from the exemption program.

(c) In any year in which the fair market value of the qualified real estate decreases below the base value, as determined pursuant to this chapter, no credit or refund shall be provided to the owner.

(d) Nothing in this chapter shall be construed as to permit the County Assessor or the Commissioner of the Revenue to list upon the Land Book any reduced value due to the exemption.

(e) The exemption specified in this chapter shall not affect any special district taxes or levies within the County. All ad valorem special district taxes or levies shall be computed on the full fair market value of all qualifying property.

(Ord. 01-03. Passed 5-21-01.)

#### 870.09 DESCRIPTION OF RESIDENTIAL REVITALIZATION DISTRICTS.

(a) Broad Run-Sugarland District. The Broad Run-Sugarland Residential Revitalization District shall include all of those parcels of land shown on the Loudoun County Tax Maps 63, 81, 82 and 95 among the land records of the County Assessor.

(b) Dulles-Arcola District. The Dulles-Arcola Residential Revitalization District shall include all of those parcels of land shown on the Loudoun County Tax Maps 91, 100 and 101 among the land records of the County Assessor.

(c) Mercer District. The Mercer Residential Revitalization District shall include all of those parcels of land shown on Loudoun County Tax Maps 53, 54, 55, 70, 71, 72 and 89 among the land records of the County Assessor.

(Ord. 01-03. Passed 5-21-01.)

870.10 DESCRIPTION OF MULTIFAMILY REVITALIZATION DISTRICTS.  
[RESERVED]

870.11 DESCRIPTION OF COMMERCIAL OR INDUSTRIAL REVITALIZATION DISTRICTS. [RESERVED]

870.12 EFFECTIVE DATE.

The Rehabilitated Real Estate Tax Exemption shall be effective January 1 of the year following completion of the rehabilitation, beginning January 1, 2002.

(Ord. 01-03. Passed 5-21-01.)

#### WINDY HILL DISTRICT

870.20 EXEMPTION FOR PROPERTY IN WINDY HILL DISTRICT.

Real estate which has been substantially rehabilitated for residential use, as defined in this chapter, and which is located within the boundaries of the Windy Hill District, as described in Section 870.21, may be exempted from a portion of the real estate tax thereon, according to this chapter.

(Ord. 84-01. Passed 1-17-84; Ord. 01-03. Passed 5-21-01.)

870.21 DESCRIPTION OF WINDY HILL DISTRICT.

The Windy Hill District includes that area of land located within the corporate limits of the Town of Middleburg, containing approximately 10.32 acres and bordered on the south by U.S. Route 50; on the west by the corporate limit of the Town of Middleburg; on the east by the western boundary of the parcel presently owned by the Middleburg Fire Company, shown on Tax Map 87 A-3 as parcel 47, among the land records of the office of the Commissioner of the Revenue of Loudoun County; and on the north by the southwestern boundary of Parcel 126 of Tax Map 87 A-10, presently owned by the Middleburg Building Company. Such District also includes those parcels shown on Tax Map 87 A-3, among the land records of the Commissioner of the Revenue, numbered as parcels 48, 48A, 49, 49A, 50, 51, 52, 53, 53A, 53B, 54, 54A, 54B, 55, 55A, 55C, 56, 57, 58 and 59.

(Ord. 84-01. Passed 1-17-84; Ord. 01-03. Passed 5-21-01.)

870.22 ADMINISTRATION OF EXEMPTION FOR WINDY HILL DISTRICT.

The exemption set forth in this chapter shall be administered by the office of the Commissioner of the Revenue.

(Ord. 84-01. Passed 1-17-84; Ord. 01-03. Passed 5-21-01.)

**870.23 REQUIREMENTS FOR EXEMPTION IN WINDY HILL DISTRICT**

A tax exemption shall be granted subject to the following provisions:

- (a) The title of the property for which an exemption is claimed is held, or partially held, on the first day of the taxable year by the person claiming the exemption, whether or not such person initially performed the rehabilitation. The exemption may be claimed annually for a period of up to ten years.
  - (b) Any real estate shall be deemed to be substantially rehabilitated for residential use when a structure, which is not less than twenty-five years of age, has been improved so as to increase the assessed value of such structure by not less than forty percent, without increasing the total square footage of such structure by more than fifteen percent.
  - (c) No property shall be eligible for such exemption unless the appropriate building permits have been acquired and the Commissioner of the Revenue has verified that the rehabilitation indicated on the application has been completed.
- (Ord. 84-01. Passed 1-17-84; Ord. 01-03. Passed 5-21-01.)

**870.24 PROCEDURE FOR CLAIMING EXEMPTION IN WINDY HILL DISTRICT.**

(a) The person claiming the exemption must file an application therefor with the Commissioner of the Revenue on forms provided by that office.

(b) Upon receipt of such application, the Commissioner shall proceed to determine the value and the degree of completion of the rehabilitation work. A fee of twenty dollars (\$20.00) shall be assessed per application to cover the cost of processing such application.

(Ord. 84-01. Passed 1-17-84; Ord. 01-03. Passed 5-21-01.)

**870.25 AMOUNT OF TAX EXEMPTION IN WINDY HILL DISTRICT.**

The tax exemption shall be in an amount equal to the increase in the assessed value of the residential structure as a result of its rehabilitation, as determined by the Commissioner of the Revenue, and only such amount shall be applicable to a subsequent assessment or reassessment. Nothing in this section shall be construed to permit the Commissioner to list upon the Land Book any reduced value for such structure due to such exemption.

(Ord. 84-01. Passed 1-17-84; Ord. 01-03. Passed 5-21-01.)

**870.26 EFFECTIVE DATE OF TAX EXEMPTION IN WINDY HILL DISTRICT.**

This tax exemption shall be effective on January 1 of the year following completion of the rehabilitation, beginning January 1, 1984, and continuing every year thereafter, running with the real estate for a period of ten years, provided that the provisions of Section 870.22(a) are met for each year.

(Ord. 84-01. Passed 1-17-84; Ord. 01-03. Passed 5-21-01.)